

## CLIL Module/ Handout attached to the Lesson Plan

<b>Title:</b>	<b>The Economic Systems</b>
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### LESSON N.1

**(FOR THE WORK AT HOME):**

*Assignment:* watch these videos concerning the economic systems:

traditional, command (collectivism), market (capitalism), mixed economy

*(total length/duration: about 8 mins)*

#### Video 1

Website - <https://www.youtube.com/watch?v=5xgwYRX19VU>

#### Video 2

Website - <https://www.youtube.com/watch?v=RDkPA4H5G54>

#### **DEFINITION OF “ECONOMIC SYSTEM”:**

An organized way in which a state or nation allocates its resources and apportions goods and services in the national community.

*Remember:* economics involves making decisions about resources!

## LESSONS N.2 AND N.3

During the teacher's explanation, students are invited to complete the following table with the features of the economic systems.

### Chart of economic systems – Features and comparisons

	<b>Traditional economy</b>	<b>Command economy (Collectivism)</b>	<b>Market economy (Capitalism)</b>	<b>Mixed economy</b>
<b>Characteristics</b>				
<b>What to produce ?</b>				
<b>How to produce ?</b>				
<b>For whom to produce ?</b>				
<b>ADVANTAGES</b>				
<b>DISADVANTAGES</b>				
<b>Examples</b>				

At the end of the lesson the teacher will distribute to students a completed version of the table.

Handout to distribute in the class at the end of the lesson:

## Chart of economic systems – Features and comparisons (completed)

	Traditional economy	Command economy (Collectivism)	Market economy (Capitalism)	Mixed economy
CHARACTERISTICS	<ul style="list-style-type: none"> <li>- Economic decision are based on tradition and established Patterns</li> <li>-Farming, hunting, and gathering are done largely in the same fashion as the generation before</li> <li>-Economic activities are usually centered toward the family, tribe, or ethnic group</li> <li>-Resources are allocated based on inheritance</li> <li>-Choices are determined by environment</li> <li>-Little or no use of technology</li> <li>-Standards of living are static</li> </ul>	<ul style="list-style-type: none"> <li>-Government controls economy &amp; decides what to produce, how to use and distribute resources as well as to whom, according to a plan based upon the calculated needs</li> <li>-State plays a role in determining who gets how much of what</li> <li>-it controls housing, transportation, consumer items</li> <li>-Government Regulates/sets prices and wages</li> </ul>	<ul style="list-style-type: none"> <li>-Based entirely on the interaction of buyers &amp; sellers in the marketplace</li> <li>Individuals decide what to consume based on wants &amp; needs</li> <li>- Production based solely on demand in the marketplace</li> <li>-Individuals choose how to invest personal resources – what training to pursue, jobs to take, goods &amp; services to produce</li> <li>-Business leaders choose the means of production</li> </ul>	<p>It combines one of three characteristics: public and private ownership of industry, market-based allocation with economic planning, or free markets with state interventionism. In practice, "mixed economy" generally refers to market economies with substantial state interventionism and/or sizable public sector alongside a dominant private sector.</p>
WHAT produce ?	Determined by customs/tradition	Determined by government officials	Determined by individuals	-Generally decided by individuals but Government plays a role in the allocation and distribution of resources
How produce ?	Determined by customs	Determined by government officials	Determined by individuals	
To WHOM produce ?	To family, tribe, small social units	Determined by government officials	Determined by individuals	
ADVANTAGES	<ul style="list-style-type: none"> <li>-Little competition and conflict among members</li> <li>-Roles are clearly defined</li> </ul>	<ul style="list-style-type: none"> <li>-Based on equality</li> <li>- Distributes wealth among all of society</li> <li>- Economic system can be more stable since it is not connected to the business cycles</li> </ul>	<ul style="list-style-type: none"> <li>- Great quantity and variety of goods and services</li> <li>- Competition brings down prices</li> <li>- easily adaptable to changes</li> <li>-Capital flows to where it will get the greatest return</li> </ul>	- It can focus on social welfare and individual social, civil and political freedom
DISADVANTAGES	<ul style="list-style-type: none"> <li>-it does not allow for growth and development</li> <li>-slow and closed to progress</li> </ul>	<ul style="list-style-type: none"> <li>- Shortages and/or surpluses</li> <li>- Lack of incentives for innovation</li> <li>-It does not guaranteed personal liberties</li> <li>-Basically static</li> <li>-Can promote corruption among state planners</li> </ul>	<ul style="list-style-type: none"> <li>-businesses will not care for the disadvantaged like the elderly or disabled</li> <li>- inequality</li> <li>- possible market failure</li> <li>-it is difficult for government to provide adequate social services</li> </ul>	-Government intervention could hamper progress -may not lead to optimal use of resources
Examples	Aborigenes of Australia Mbuti of Central Africa Inuit of Canada	Old Kindom Egypt Zhou Dynasty in China North Corea Cuba	there're no true market economy in the world	United Stated Canada Australia European States

<https://www.marketing91.com/four-types-economic-systems/>

## **Four Types Of Economic Systems**

By *Hitesh Bhasin* December 19, 2017

Different countries in the world employ different kinds of economies. These economies are unique in their own ways but share some specific characteristics. They can, therefore, be categorized into four systems i.e. Command Economies, Traditional Economies, Mixed and Market Economies. At the moment it is possible to identify different types of economic systems.

All these economies are based on different assumptions and conditions and have different strengths and weaknesses as detailed below.

### **1) The Command Economic System**

This type of economic system is also called planned economic system. Its major characteristic is that it has the centralized power that is dominant. Usually, this power is the government and it influences all production decisions thus the free market is not at play. This economic system is usually found in

Countries with a lot of valuable resources are most likely to employ this kind of economic system as the government steps into regulating them. This, therefore, means that a planned economic system with a centralized command structure mostly controls economic valuable drivers e.g. gold and oil. Other economic aspects like agriculture are usually controlled by the general population.

A planned economic system is the best only if the government utilizes the available resources and power for the benefit of the society as a whole. Unfortunately, this is not the case in reality. Also, command economies tend to be less flexible compared to other economic systems. Again, due to their centralized nature, an agreement has to be reached regarding a certain decision to be made thus their reaction to market changes is generally slow.

The main advantage of this types of economic systems is that it has the ability to establish a desired supply of own resources. It can also reward its citizens with affordable pricing of goods and services since price regulation falls under government responsibility. Again, with command economic system, jobs shortages are rare as the government operates in the same way as the market economy.

## **2) The Traditional Economic System**

The main focus of this type of economic system is goods and services that directly influence the customs, traditions, and beliefs of a country. This type of economics is just basic and do not practice any form of division of labor or specialization.

Significant parts of the world have this type of system in place. Mostly in the rural areas or other third world nations where most economic activities revolve around farming; these countries are characterized by fewer resources as they do not naturally occur or are highly restricted by another more powerful economy.

Therefore countries with this type of economic system are generally not able to produce similar amounts of output or surplus good produced by other economies due to their outdated production processes. This generally leads to less wastage unlike in mixed, market or command economy.

Culture and tradition are preserved in this type of economic setup. Also, citizens of countries with the traditional economic system have specific and more pronounced roles. The only disadvantage, however, are technologies and centralized utilities. These services, however, do not guarantee economic stability, peace or even social happiness.

## **3) The Mixed Economic System**

This refers to any type of economy that is in between the command and the market economic system. It is also called the dual economy.

This is the one types of economic systems has no clear definition. In most cases, the term 'mixed market' describes an economy with government control in some areas and strong regulatory oversight n others.

A majority of western economies are under this economic system. This is because most companies or industries are privately owned yet they are under government control. This means that neither the government sector nor the private sector can sustain or maintain the economy alone. Both of them are essential in maintaining a successful economy.

In the current world, mixed economies are considered the most ideal. Theoretically, they combine the merits of both market and command systems. However, in practice, this is not always easy as government control may vary since some governments tend to increase their power more than it is necessary.

Mixed economy can lead to very good results in terms of economic growth and independence. However, this type of economy has the tendency of being less flexible in terms of imposing laws and regulations.

#### **4) The Market Economic System**

This is a free market economy and does not allow any kind of government influence on trade. In this type of economy, the government does not have control over any form of resources or any economic segment. The whole economic system is regulated by the people and the laws of demand and supply.

This type of economic system is actually a theoretical concept. This means that there are no real examples of a pure market economy in the current world. This is because all known economies have some form of government interference. There is no country in which the government does not pass laws regulating on fair trade and monopolies.

In theory, therefore, the market economic system allows an economy to experience higher growth rates compared to the other three economic systems. Additionally, it ensures that the government and the economy are two separate entities. Again, however, a market economy leads to enhanced growth in the private sector with those who own valuable resources becoming extra powerful. This, therefore, means that the distribution of wealth may not be beneficial to the whole society. The biggest advantage of the market economy is that the government does not interfere with the market. This prevents it from being too strong and too controlling. This means that resources are not unequally distributed.

As discussed above, therefore, we have four types of economic systems; command, traditional, mixed and market. A command/planned economic system is characterized by a dominant power; Traditional Economic System mainly focuses on goods and services associated with its beliefs, Mixed Economic System which is a mixture of market and command system and finally a market economic system that entirely depends on free markets without government interference.

**LESSONS N.4 AND N.5**

Here are some Websites suggested by the teacher to perform the assigned task:

<https://www.britannica.com/topic/economic-system>

<https://www.sciencedirect.com/journal/economic-systems>

[https://www.researchgate.net/journal/1469-5758 Economic Systems Research](https://www.researchgate.net/journal/1469-5758_Economic_Systems_Research)

<https://aiu.edu/publications/student/english/Ajay%20Soni/United%20States%20European%20Asian%20Economic%20System.html>

These Websites, besides Wikipedia, represent only a starting point. Students will also be able to use other Websites to carry out their group research.

**CARDS FOR THE ROLE PLAY AND PRESENTATION TASK**

<b>INUIT OF CANADA</b>	<b>OLD KINDOM EGYPT</b>	<b>NORTH COREA</b>	<b>USA</b>
<b>CUBA</b>	<b>UNITED KINDOM</b>	<b>AUSTRALIA</b>	<b>EUROPEAN STATES</b>

**CARDS (WITH ANSWERS)**

<b>INUIT OF CANADA</b> (traditional economy)	<b>OLD KINDOM EGYPT</b> (traditional economy)	<b>NORTH COREA</b> (command economy)	<b>USA</b> (mixed economy)
<b>CUBA</b> (command economy)	<b>UNITED KINDOM</b> (mixed economy)	<b>AUSTRALIA</b> (mixed economy)	<b>EUROPEAN STATES</b> eg. ITALY (mixed economies)

## LESSON N.6

### VERIFICATION - ECONOMIC SYSTEMS

1) Indicates whether each of several statements is true [ T ] or false [ F ].

*The Market Economic System:*

- [ ] enhances very high growth rates
- [ ] is actually a theoretical concept
- [ ] allows government influence
- [ ] leads to the most efficient use of the factors

*In the Traditional Economic System:*

- [ ] private property is never respected
- [ ] it is based on long established patterns
- [ ] economic roles are not clear
- [ ] community interests take precedence over the individual

*(In) the planned Economic System:*

- [ ] the government always utilizes the available resources and power for the benefit of society
- [ ] can reward its citizens with affordable pricing of goods and services
- [ ] has the centralized power that is dominant
- [ ] jobs shortages are frequent

*(In) The Mixed Economic System:*

- [ ] combines only the merits of both market and command systems
- [ ] the government is rarely involved in the regulation of private businesses
- [ ] safety net programs cannot be created by the government
- [ ] the state run industries never run into large debts

2) Match the sentences in the left column with those appropriately associated in the right hand column.

1.	Command economies	A.	with those who own valuable resources becoming extra powerful
2.	Due to the fiercely competitive nature of free market	B.	People (in the form of the state) own the means of production
3.	Traditional economic systems	C.	A majority of western economies are under this economic system
4.	In a planned economy	D.	income inequality may be frequent
5.	The mixed economic system	E.	the market is more or less free of government ownership except for a few key areas like transportation or sensitive industries like defense and railroad
6.	The planned economic system	F.	do not practice any form of division of labor or specialization
7.	In mixed economies	G.	Often occur in countries with a lot of valuable resources are most likely to employ this kind of economic system
8.	a market economy enhances growth in the private sector	H.	is usually found in communist countries

3) Fill in the gaps (using the words in the box below)

<p style="text-align: center;"> <i>same    known    harmful    uncompetitive    command    self    scarcity</i>  <i>resources    mixed economies    externality    profits    subsidized    interference</i> </p>
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- a. Not every nation addresses the challenge the \_\_\_\_\_ way.
- b. \_\_\_\_\_ is the fundamental challenge that confronts all individuals and nations.
- c. A common problem of \_\_\_\_\_ is that the state run industries are often **subsidized** by the government and run into large debts because they are \_\_\_\_\_.
- d. Economics involves making decisions about \_\_\_\_\_.
- e. In free market economy market is driven solely by \_\_\_\_\_-interest.
- f. All \_\_\_\_\_ economies have some form of government interference.
- g. In mixed economies taxation of \_\_\_\_\_ products like cigarettes is imposed to reduce a negative \_\_\_\_\_ of consumption.
- h. In a \_\_\_\_\_ economy, the central government gets to keep the \_\_\_\_\_.

